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By: **Delegates Gordon, Busch, Donoghue, Mitchell, and McClenahan**

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Assigned to: Economic Matters

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Committee Report: Favorable

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CHAPTER 369

1 AN ACT concerning

2 **Title Insurance Producers and Agencies - Statements of Financial**  
3 **Condition - Repeal of Filing Requirement**

4 FOR the purpose of repealing the requirement that a title insurer have on file by a  
5 certain date a certain statement of financial condition of each title insurance  
6 producer and agency with an appointment with the title insurer; repealing the  
7 exception to the financial statement requirement for certain employees, officers,  
8 directors, partners, or members; repealing the exception to the financial  
9 statement requirement for law firms and individual attorneys practicing in law  
10 firms; and generally relating to statements of financial condition of title  
11 insurance producers and agencies required to be filed with title insurers.

12 BY repealing and reenacting, with amendments,  
13 Article - Insurance  
14 Section 10-121(j) and 10-125  
15 Annotated Code of Maryland  
16 (1997 Volume and 2001 Supplement)

17 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
18 MARYLAND, That the Laws of Maryland read as follows:

19 **Article - Insurance**

20 10-121.

21 (j) (1) [(i) Except as provided in subparagraph (ii) of this paragraph, no  
22 later than December 31 of the year following the year covered by the financial  
23 statement, for each title insurance producer and agency that has an appointment

1 with a title insurer, the title insurer shall have on file a statement of financial  
2 condition of each title insurance producer and agency with an appointment with the  
3 title insurer, as of the end of the previous calendar year, setting forth an income  
4 statement of business done during the preceding year and a balance sheet showing  
5 the condition of its affairs as of December 31st preceding certified by the title  
6 insurance producer or agency as being a true and accurate representation of the title  
7 insurance producer's or agency's financial condition.

8 (ii) An individual who is an employee, officer, director, partner, or  
9 member of a licensed title insurance agency shall be considered to have met the  
10 requirements of subparagraph (i) of this paragraph if a statement of financial  
11 condition of the agency with which the individual is associated is on file with the title  
12 insurer as provided under this paragraph.

13 (2) (i) The title insurer shall, at least annually, conduct an on-site  
14 review of the underwriting, claims, and escrow practices of each title insurance  
15 producer appointed by the insurer as a principal agent as designated in the title  
16 insurance agency contract between the insurer and the producer. The on-site review  
17 shall include a review of the title insurance producer's or agency's policy blank  
18 inventory and processing operations.

19 (ii) If the title insurance producer or agency does not maintain  
20 separate bank or trust accounts for each title insurer it represents, the title insurer  
21 shall verify that the funds held on its behalf are reasonably ascertainable from the  
22 books of account and records of the title insurance producer or agency.

23 [(3)] (2) A written report setting forth the results of the on-site review  
24 shall be prepared by the title insurer and is subject to financial examination under §  
25 2-205 of this article.

26 [(4)] (3) If, as a result of the examination, a title insurer has reasonable  
27 cause to believe that a title insurance producer or agency has failed to remit  
28 premiums or funds owed or that any other violation of this article has been  
29 committed, the title insurer shall report in writing the suspected violation to the  
30 Commissioner and submit a copy of the examination.

31 [(5)] (4) The examination required under this section is in addition to  
32 any examination conducted by the Commissioner to determine compliance with the  
33 accounts maintained for the benefit of the Maryland Affordable Housing Trust under  
34 § 22-103 of this article.

35 10-125.

36 (a) (1) In this section the following words have the meanings indicated.

37 (2) (i) "Law firm" means an association of attorneys who are admitted  
38 to practice before the Court of Appeals of the State who:

39 1. are primarily engaged in the practice of law; and



